



General Assembly

January Session, 2001

Raised Bill No. 6849

LCO No. 4054

Referred to Committee on Government Administration and
Elections

Introduced by:
(GAE)

***AN ACT IMPROVING THE PURCHASE OF HUMAN SERVICES FROM
NONPROFIT ORGANIZATIONS.***

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. (NEW) As used in this act:

2 (1) "Nonprofit organization" means an organization that is
3 incorporated under the laws of the state of Connecticut and is exempt
4 from federal income taxation pursuant to Section 501 (c)(3) of the
5 Internal Revenue Code of 1986, or any corresponding internal revenue
6 code of the United States, as from time to time amended;

7 (2) "State agency" means any department or agency of the state of
8 Connecticut;

9 (3) "Contract for human services" means any agreement between a
10 state agency and a nonprofit organization by which such organization
11 agrees to provide or arrange for the provision of human services;

12 (4) "Human services" has the same meaning as "human services", as
13 defined in section 4b-31 of the general statutes;

14 (5) "Provider" means a nonprofit organization that has an existing
15 contract for human services with a state agency.

16 Sec. 2. (NEW) (a) After determining to renew an existing contract for
17 human services with a provider, a state agency shall: (1) Notify the
18 provider of its intent to renew not later than ninety days before the
19 expiration of the contract; (2) prepare detailed specifications for the
20 renewal contract, including a description of the services to be
21 purchased, the outcomes to be achieved and the methods used to
22 measure such outcomes; and (3) request from the provider a price
23 quotation for each year of the renewal contract.

24 (b) If, after completion of the process set forth in subsection (a) of
25 this section, a state agency decides to pursue a contract renewal with a
26 provider, such state agency, not later than sixty days before the
27 expiration of the existing contract, shall (1) meet with representatives
28 of such provider and negotiate in good faith the price and all other
29 terms and conditions of the renewal contract, including, but not
30 limited to, any financial penalties for noncompliance, and (2) cause
31 such renewal contract to be promptly authorized and executed. If, after
32 thirty days after the beginning of this process, the parties can not agree
33 on the price or the other terms and conditions of such renewal
34 contract, the state agency shall notify the provider, in writing, of its
35 intent to solicit proposals from other providers.

36 (c) Each state agency shall determine the length of the term of any
37 such renewal contract, provided such term shall be not less than two
38 years nor more than six years in duration.

39 Sec. 3. (NEW) (a) During the term of any contract for human
40 services renewed pursuant to section 2 of this act, the state agency
41 shall monitor the delivery of services pursuant to the terms and
42 conditions of such contract and notify the provider, in writing on a
43 timely basis, of any deficiencies or other contract compliance issues.
44 The state agency shall give the provider a reasonable period of time to
45 correct any deficiencies or otherwise address any contract compliance

46 issues.

47 (b) Whether or not a state agency intends to renew a contract for
48 human services, the state agency shall, not later than forty-five days
49 before the expiration of such contract, (1) notify, in writing, the
50 provider of any outstanding contract deficiencies or other compliance
51 issues as well as a detailed course of action and timetable to address
52 such deficiencies or compliance issues, (2) provide a detailed statement
53 of the financial consequences, if any, of failing to address such
54 deficiencies or compliance issues, provided such financial
55 consequences are detailed in the written contract between the parties,
56 and (3) complete the prompt payment of the outstanding balance of
57 the negotiated cost of such contract less the amount of any financial
58 penalties pursuant to subdivision (2) of this subsection.

59 Sec. 4. (NEW) (a) Each contract for human services between a state
60 agency and a provider shall include the following written provisions:
61 (1) A right of appeal by the provider pursuant to sections 4-177 to 4-
62 185, inclusive, of the general statutes of any decision by a state agency
63 to impose financial penalties or offsets pursuant to subsection (b) of
64 section 3 of this act, (2) except for material noncompliance with the
65 contract pursuant to provisions agreed upon by the parties, a
66 prohibition against any reduction in the amount of the agreed upon
67 contract price, and (3) an automatic transfer of the contract from one
68 provider to a successor provider in the event of a sale, merger or other
69 acquisition of such original provider unless the successor provider has
70 been formally barred or otherwise prohibited from contracting with
71 the state.

72 (b) No contract for human services between a state agency and a
73 provider may include any provision that (1) requires the state agency
74 to pay to the provider any amount beyond the agreed upon contract
75 price; (2) requires the provider to return to the state agency any
76 portion of the agreed upon contract price except for financial penalties
77 as provided for under this act; or (3) except as required by state or

78 federal law, restricts or limits the ability of the provider to manage its
79 organization or make independent policy decisions, including, but not
80 limited to, decisions regarding employment, purchasing, real estate or
81 the investment or allocation of capital.

82 Sec. 5. (NEW) The provisions of this act shall not supercede or
83 conflict with any specific federal law, policy or procedure for those
84 contracts for human services or portions of such contracts utilizing
85 federal funds. In all other cases, the provisions of this act shall apply.

86 Sec. 6. This act shall take effect July 1, 2001.

GAE *Joint Favorable C/R*

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